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TO: The Honorable James R. Fannin, Chairman Joint Legislative Committee on the Budget (JLCB)  
The Honorable Jack Donahue, Vice Chairman Joint Legislative Committee on the Budget (JLCB)  
Honorable Members of the Joint Legislative Committee on the Budget (JLCB)

FROM: J. Travis McIlwain, Section Director  
John D. Carpenter, Legislative Fiscal Officer

DATE: February 20, 2015

SUBJECT: Office of Group Benefits (OGB) Update (February 2015)

Graph 1 below depicts the OGB Fund Balance History from FY 08 to FY 14 along with the ending balance for the months of July 2014 through January 2015 (FY 15). During the month of January, OGB’s fund balance lost approximately \$20.8 M, or a negative 17% fund balance change.

Since the beginning of FY 15, OGB’s expenditures have been approximately \$104.6 M more than actual revenue collections through January 2015. This has resulted in the OGB fund balance decreasing from \$207 M (beginning of FY 15) to \$102.8 M (through January 2015). The decrease equates to an updated FY 15 monthly burn rate of approximately \$14.9 M per month, which equates to an increase from the December 2014 monthly burn rate of \$13.9 M per month. OGB’s cash on hand through January 2015 is approximately \$192.1 M. Table 1 below portrays the monthly OGB fund balance impact in FY 15.

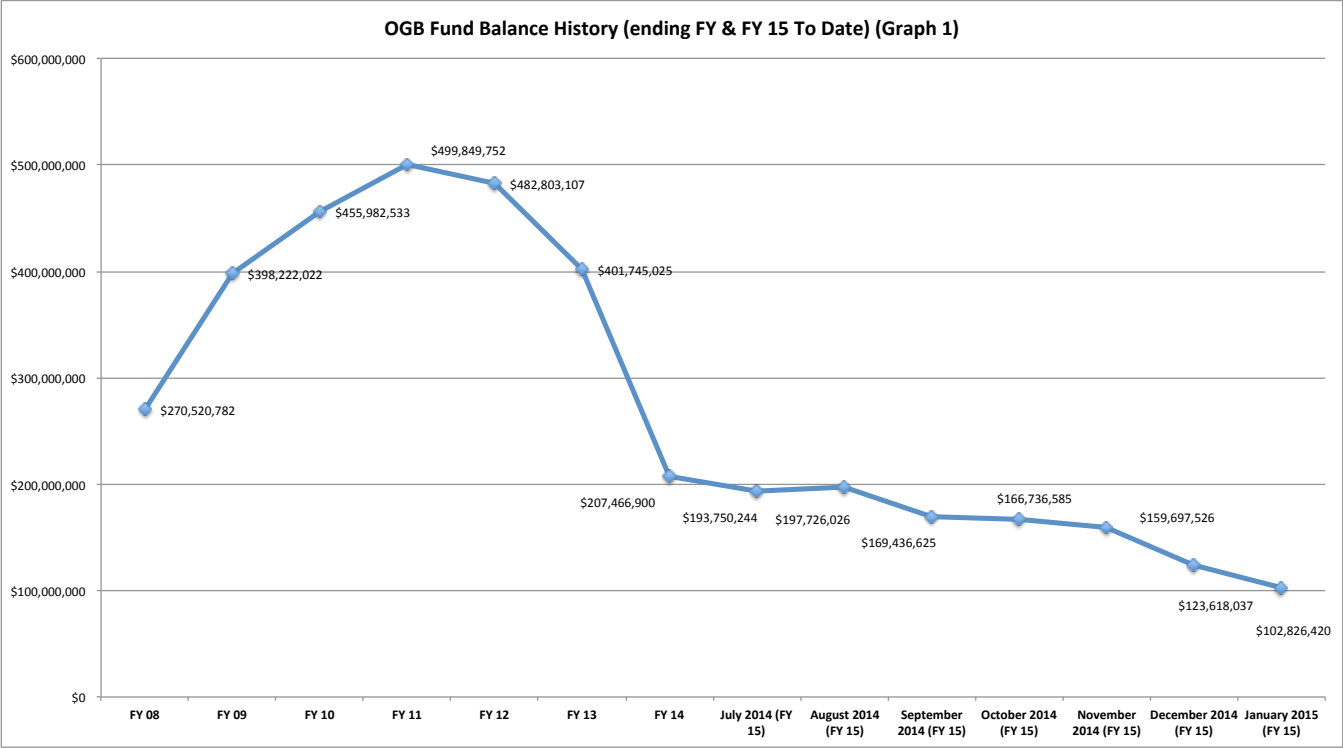
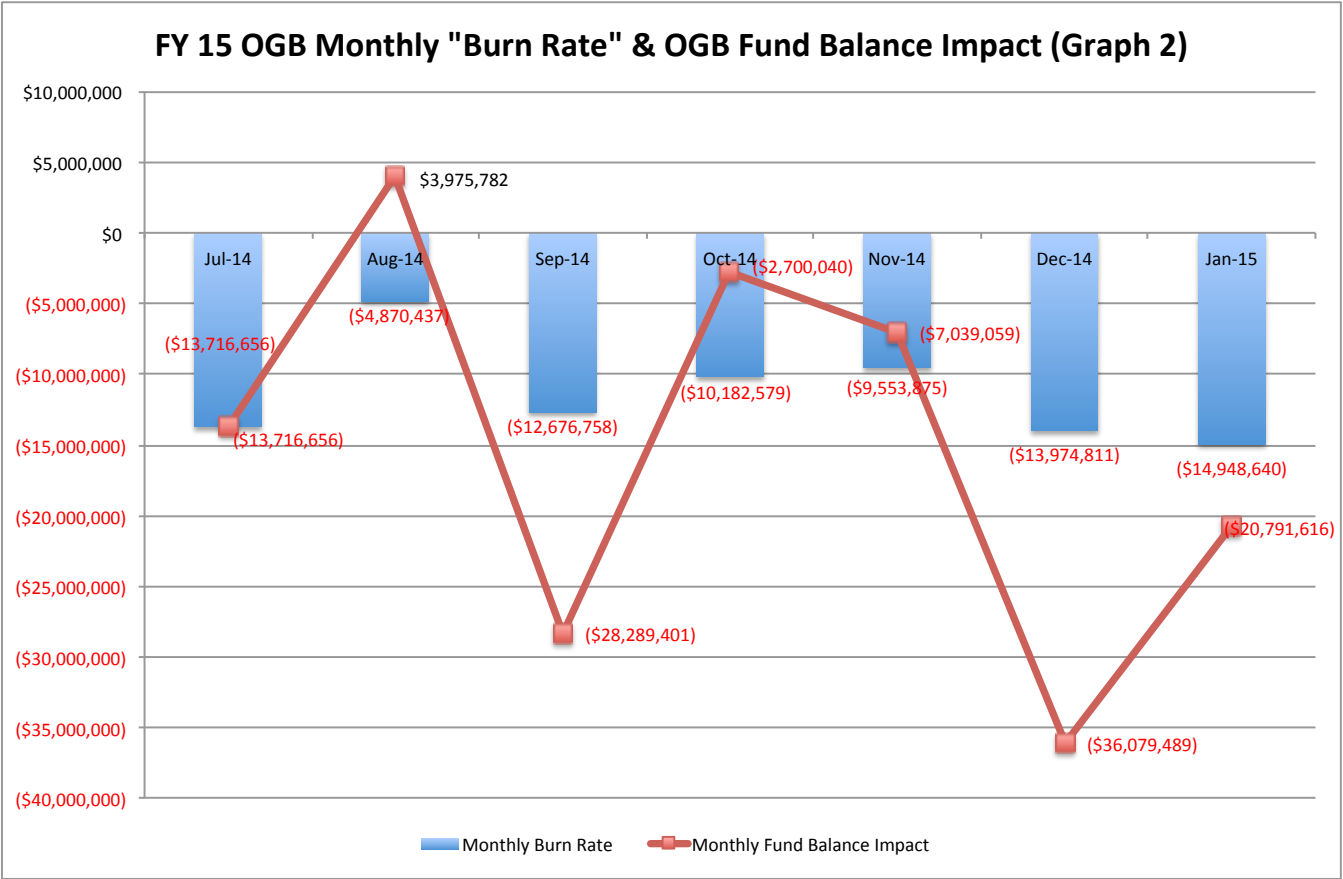


TABLE 1	Fund Balance Impact
July 2014	(\$13,716,656)
August 2014	\$3,975,782
September 2014	(\$28,289,401)
October 2014	(\$2,700,040)
November 2014	(\$7,039,059)
December 2014	(\$36,079,489)
January 2015	(\$20,791,616)
TOTAL	(\$104,640,479)

Graph 2 on the next page depicts the FY 15 Monthly OGB fund balance burn rate along with the monthly fund balance dollar change.

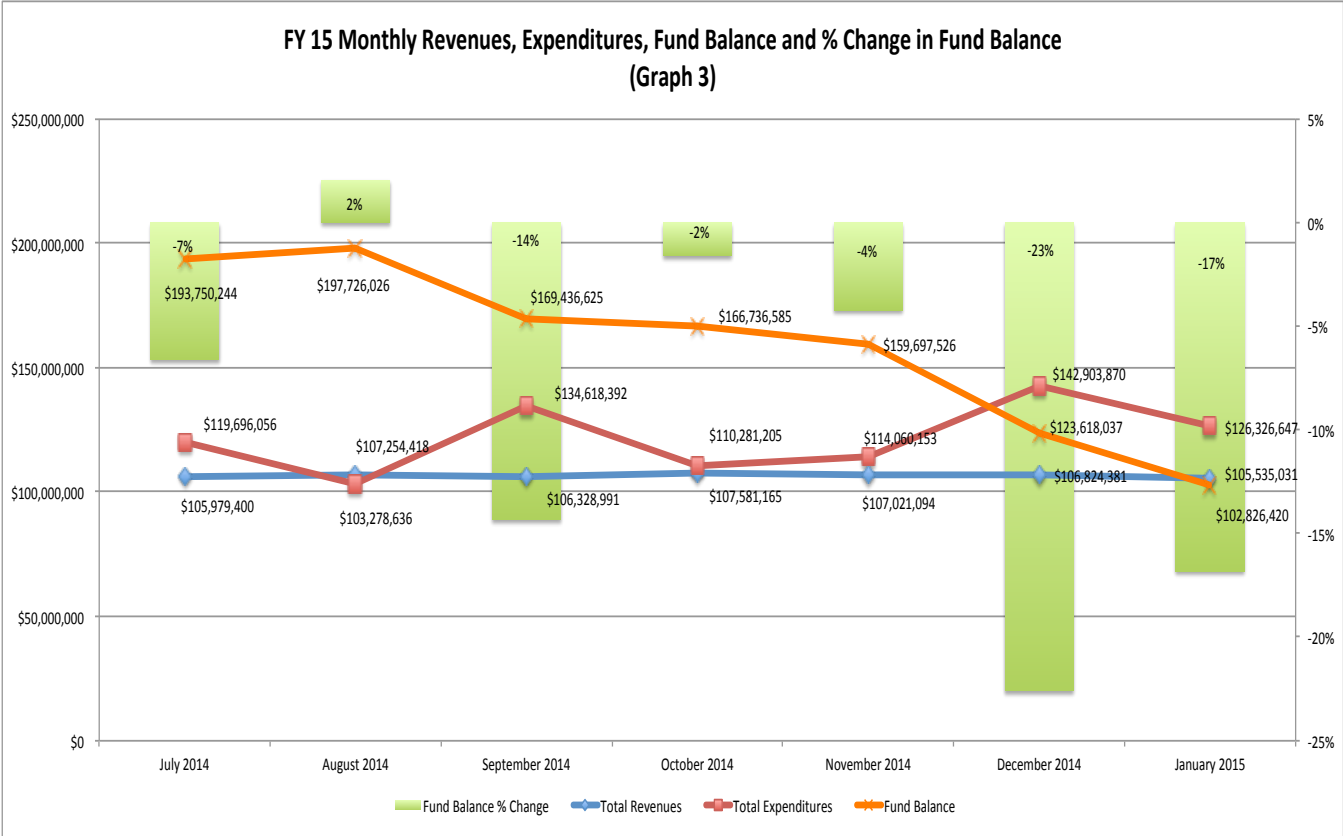
To the extent the burn rate does not change, OGB’s FY 15 ending year fund balance could be less than \$30 M. However, once the new plan design changes go into effect on March 1, 2015, the current burn rate of \$14.9 M per month may be reduced. These changes may result in the OGB’s FY 15 year-end fund balance equating to some amount greater than \$60 M.



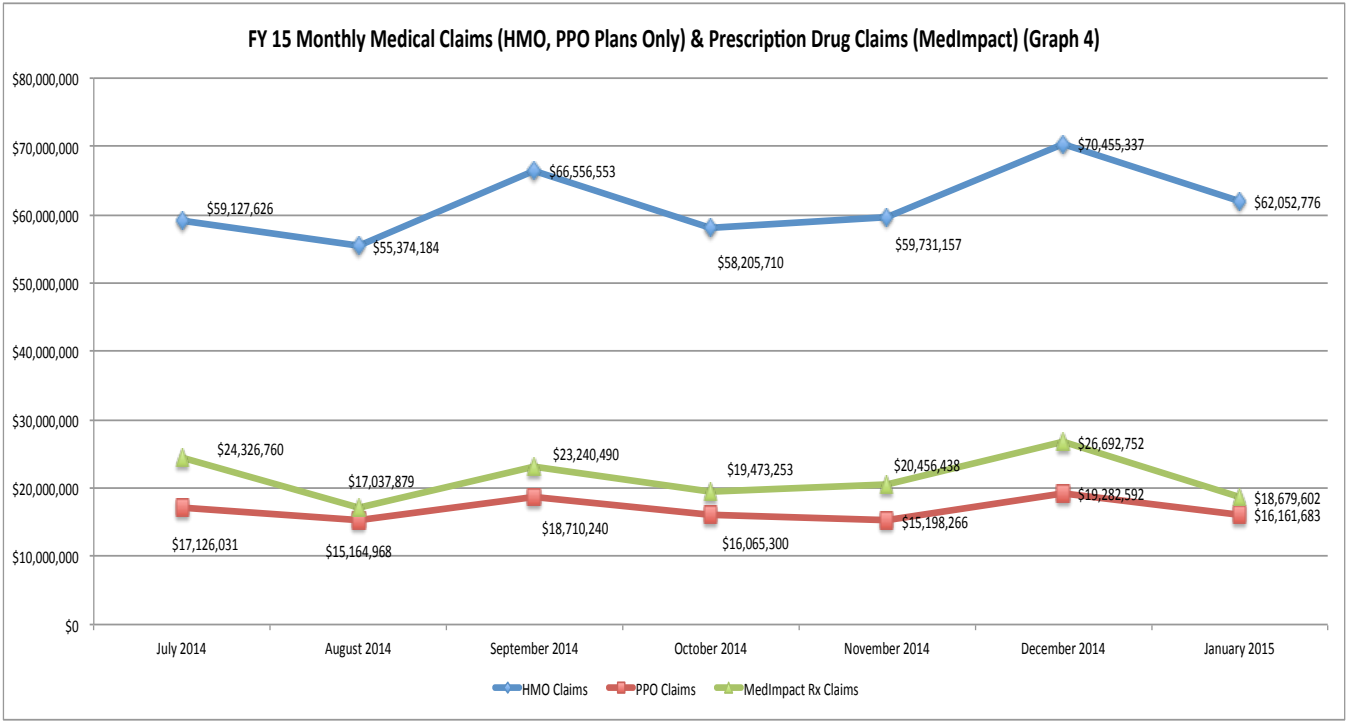
Graph 3 below depicts FY 15 monthly OGB revenues, expenditures, fund balance and percentage change in fund balance through January 2015. January 2015 expenditure activity utilized approximately \$20.8 M of OGB's current fund balance to pay expenditures, which is a decrease of fund balance use from December 2014. Approximately \$36.1 M of the fund balance was utilized in December 2014, which is illustrated in the negative 23% change of OGB overall fund balance through the month of December. For the month of January that negative percent change slightly decreased to a negative 17% change.

For Every \$1 Collected (Table 2)	
Month	Expended
Jul-14	\$1.13
Aug-14	\$0.96
Sep-14	\$1.27
Oct-14	\$1.03
Nov-14	\$1.07
Dec-14	\$1.34
Jan-15	\$1.20
Average	\$1.14

Through January 2015 for every \$1 of revenue OGB collects, the program is currently expending on average approximately \$1.14. See table 2 above for more detailed information.



Graph 4 is a depiction of monthly medical claims expenditures through January 2015 (PPO, HMO and MedImpact Rx claims only) for FY 15. These specific expenditures decreased by approximately 12% from the December 2014 data.



**OGB Enrollment by Plan (2015 Plan Year)**

Table 3 below includes enrollment information provided to the Legislative Fiscal Office by the OGB of the health plan choice by its members during annual enrollment. The new health plans are effective March 1, 2015.

TABLE 3 REGULAR PLANS	ACTIVE ENROLLEES				RETIRED ENROLLEES				ALL ENROLLEES			
	Plan Year 2014	Plan Year 2015	Difference	% Difference	Plan Year 2014	Plan Year 2015	Difference	% Difference	Plan Year 2014	Plan Year 2015	Difference	% Difference
Magnolia Open Access (PPO)	10,275	8,569	(1,706)	-16.6%	24,885	23,741	(1,144)	-4.6%	35,160	32,310	(2,850)	-8.1%
Magnolia Local	0	405	405	N / A	0	204	204	N / A	0	609	609	N / A
Magnolia Local Plus (HMO)	67,084	64,313	(2,771)	-4.1%	24,358	24,602	244	1.0%	91,442	88,915	(2,527)	-2.8%
Pelican HRA 1000	0	4,482	4,482	N / A	0	924	924	N / A	0	5,406	5,406	N / A
Pelican HSA 775 (CDHSA)	401	2,145	1,744	434.9%	0	0	0	N / A	401	2,145	1,744	434.9%
Vantage MHHP	2,910	3,062	152	5.2%	546	566	20	3.7%	3,456	3,628	172	5.0%
Regular Plans Subtotal	80,670	82,976	2,306	2.9%	49,789	50,037	248	0.5%	130,459	133,013	2,554	2.0%